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# COUNTRY PROGRAMME FOR THE PHILIPPINES

UNDP assistance requested by the Government of the Philippines for the period January 1982 - December 1986

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*/ This document will be derestricted upon approval of the Country Programme. See document DP/526 which will be issued in June 1981.

## INTRODUCTION

1. The third Country Programme of UNDP assistance to the Philippines, summarized in this document, covers the period January 1982 to December 1986. The programming exercise was carried out during the period February-September 1980, synchronizing with the process of revising the national Development Plan. The National Economic and Development Authority (NEDA)1/ was responsible for preparing the Country Programme, in consultation with concerned functional ministries and other agencies of the national Government. The United Nations system co-operated fully in the exercise, with the direct participation of the UNDP Resident Representative and the provision of inputs, through appropriate Government bodies, by resident and visiting personnel of the United Nations system Agencies.

2. For the purpose of revising the national Development Plan, which provides the framework of the Country Programme, many special and sectoral studies were made by the Government, utilizing its own resources. For this reason, it was decided that no outside assistance from the United Nations system would be required for the specific purpose of the programming exercise. It should be noted, however, that in carrying out its own studies the Government took full account of periodic surveys of the Philippine economy made by the World Bank and the Asian Development Bank, as well as a wide range of sector reviews, appraisal studies and mission reports prepared by these two institutions, by other United Nations system Agencies and by a number of bilateral organizations.

3. In preparing the Country Programme, consideration was given to the availability of technical co-operation resources available from bilateral programs as well as from other multilateral sources, including the World Bank and the Asian Development Bank, the Regular Programmes of the United Nations system Agencies, the UNDP intercountry programs and the special funds administered by UNDP. As in the past, the implications of such other sources of technical co-operation, as well as the above-mentioned studies and reports prepared by international agencies, will be taken into close consideration in the process of appraising and formulating individual projects under the Country Programme. A fuller discussion of the relationships between the Country Programme and other sources of technical co-operation will be found in Part II below.

4. As a basis for the programming exercise, in early 1980, NEDA sent a circular to all Government ministries and agencies, inviting them to submit proposals for UNDP assistance. The invitation stressed the desirability of developing proposals of a pre-investment nature. This led to the submission of 115 project proposals, covering virtually the entire spectrum of development activities and representing a total of more than $205 million in estimated UNDP costs. In choosing proposals for inclusion in the third Country Programme within the constraints of the Indicative Planning Figure (IPF), NEDA took into account a number of criteria, including the need to ensure consistency with the priorities of the national Development Plan, and the need to eliminate duplication and unnecessary overlap between activities to be funded by UNDP and other sources of technical co-operation.

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1/ The Philippine Government's central planning and co-ordinating body.

The selection process also took close cognizance of the findings of previous project monitoring and evaluation activities, including tripartite, mid-term and terminal reviews, and the conclusions drawn from the continuing process of Country Programme review carried on through regular meetings, at intervals of approximately six weeks, between NEDA and the UNDP Field Office in Manila.

5. The Country Programme proposal emerging from this exercise consists of the following basic items:

(a) 28 ongoing projects carried over from the 1977-1981 Programme cycle, and costed provisionally at $12.7 million or 27.6 per cent of the illustrative IPF;

(b) 17 specific new projects scheduled for initiation in 1982 and 1983, and costed provisionally at $13.1 million or 28.5 per cent of the illustrative IPF;

(c) An earmarking of $11 million, or 23.9 per cent of the illustrative IPF, against which individual projects will be worked out later on the basis of specified objectives, for implementation in 1984-1986; and

(d) A provision of $9.2 million, or 20 per cent of the illustrative IPF, for adequate programming.

6. The figure of $12.7 million, referred to under item (a) above, includes an amount of just over $3.1 million representing over-programming in the second Country Programme cycle, i.e., the total by which approved budgets exceed the 1977-1981 IPF (which equals the aggregate of expenditure ceilings for the cycle). The latter amount will spill over as a first charge against the 1982-1986 IPF. Since the calculations needed to align each ongoing project budget with the overall 1977-1981 expenditure ceiling could not be completed in time for submission of the third Country Programme document, the figure of $3.1 million cannot be included in the estimated IPF allocations indicated for ongoing projects in Part IV below, nor can it be distributed by sector. The full IPF requirements for individual ongoing projects chargeable against the third Country Programme will not be known until the United Nations co-operating agencies concerned have reported expenditures up to 31 December 1981. As reflected in the Annex, in the table showing the proposed distribution of the IPF, the entire amount of $3.1 million has been programmed for 1982, since it cannot be further postponed without adversely affecting the momentum of the projects to which it relates.

7. The provision referred to under item (c) above reflects one of the modifications made by UNDP in its country programming policies since the second Philippine Country Programme was originally prepared in 1975. This has enabled the Government to limit the identification of specific new projects to those which will be initiated in the first two years of the new Country Programme, and to program for the subsequent three years in terms of objectives and broad activities. The new approach helps considerably in overcoming certain basic difficulties in attempting to program UNDP resources in detail over a full five years: it accords particularly well with the Government's practice of periodically adjusting the Development Plan on the basis of mid-term reviews, and is accordingly welcomed by the Government as an important means of further increasing the responsiveness of UNDP assistance to urgent national development needs. Moreover, by providing more flexibility in the advance allocation of IPF resources, the new approach creates an additional reserve

element against unforeseeable increases in costs incurred under the Country Programme. The rationale of the provision for adequate programming, noted in item (d) above, is further explained in paragraph 10 below.

## I. DURATION, TIME-FRAME AND ANTICIPATED RESOURCES

8. The duration of the third Country Programme will be five years, commencing 1 January 1982: it will thus coincide with the 1982-86 IPF cycle. The first year of the Country Programme will extend through the final year of the national Five-Year Development Plan for 1978-1982, while the succeeding four years will fall within the next medium-term instalment of the Plan. This overlap is not significant, since the medium-term national plans and the Country Programme are both framed by the Ten-Year Plan for 1978-87, and beyond this by a perspective plan covering the last quarter of the century. National development planning in the Philippines involves a systematic process of periodic review, so that timely adjustments can be made in the Plan if and when necessitated by changes in economic and social circumstances. In this way a highly effective mechanism exists for ensuring that Country Programme activities remain fully responsive to the Plan priorities on which they are based: the close co-ordination between national planning and the use of UNDP resources is further enhanced by the greater flexibility now permitted in allocating the IPF, as mentioned in the preceding paragraph.

9. The illustrative IPF projected for the Philippines for the 1982-1986 Country Programme period is $46 million. However, since the final IPF figure had not been established at the time of the country programming exercise, UNDP advised the Government that 20 per cent (or $9.2 million) of the illustrative IPF be excluded from the resources to be taken into account for programming, in order to allow for the possibility of the actual IPF for 1982-1986 not reaching the illustrative figure. UNDP further advised that the above-mentioned 20 per cent of the illustrative IPF be treated as a reserve. Since neither under- nor over-expenditure against the 1976-1981 IPF is expected on a significant scale, and since the Government is not in a position to undertake cost sharing, this means that only $36.8 million is available for purposes of practical programming.

10. The Government fully appreciates the reasoning behind the UNDP stipulations and has complied with them in shaping the Country Programme. Nevertheless, in view of the country's large requirements for UNDP assistance 2/ and the constant erosion of IPF resources due to rapid inflation, it wishes to register its intention of programming the "blocked" 20 per cent of the illustrative IPF, in case the funds in question eventually become available. It is for this reason that an amount equivalent to one-fifth of the illustrative 1982-1986 IPF has been listed as a provision for adequate programming. If all or any of the $9.2 million tentatively earmarked in this category is ultimately forthcoming, these resources will be allocated in the final three years of the Country Programme, with due regard to the need for maintaining some funds in reserve.

11. The third Country Programme is "front-loaded" in terms of planned annual com-

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2/ Of the $205 million in requests mentioned in paragraph 4 above, at least $76 million would qualify for UNDP assistance if sufficient IPF funds are available.

mitments to projects, and evenly loaded only in terms of likely expenditure levels. This is because experience has shown that expenditures in any given year tend invariably to lag behind commitments: when the shortfalls are rephased forward, the cumulative effect is to flatten the actual delivery curve. A degree of front-loading is in any event both inevitable and essential, since the excess of commitments over aggregate expenditure ceilings for 1977-1981 (referred to in paragraph 6 above) has to be carried over to the third IPF cycle, while maintaining the momentum of ongoing projects and making judicious allowance for the earliest feasible initiation of urgent new projects. The Country Programme would otherwise have to begin with a deceleration of ongoing projects and a virtual moratorium on new projects, thus undermining its integrity. An added influence upon the planned commitment profile is, of course, the fact that only 80 per cent of the illustrative IPF could be programmed, in accordance with the requirements of UNDP. Access to the 20 per cent balance would have made it possible to attain a more even distribution of commitments, thus facilitating a rising curve of actual expenditures over the cycle as a whole. For these reasons, as well as the need of the Government for larger assistance, it is all the more to be hoped that the full illustrative IPF of $46 million will materialize during the 1982-1986 Country Programme period.

## II. DEVELOPMENT PERSPECTIVES

### The general development situation

12. The Philippines is a tropical island developing country, with a total land area of nearly 30 million hectares. The estimated population in 1980 was 47.6 million, an increase of roughly 5 million over the 1975 figure. Nearly two-thirds of the population is under 25 years of age, and some 40 per cent under 15 years of age, making for a high dependency ratio. Levels of literacy and educational enrolments are among the highest in the developing world. Although nearly 70 per cent of the population lives in rural areas and depends primarily on agriculture as source of livelihood, urbanization is proceeding rapidly. Actual per capita GNP in 1980 was P1,949* at 1972 prices. The country has a mixed economy in which private sector activity predominates. Owing to the urgent need to strengthen infrastructure in support of economic growth, a substantial and growing public sector exists. Although agriculture still constitutes the largest single source of production, the contribution of industry is growing rapidly. Similarly, while the export sector still depends primarily on traditional commodities (most notably mineral, coconut, sugar, and forest products), non-traditional exports, particularly manufactured goods, are assuming major significance.

13. Although the machinery for national development planning has been in existence for many years, its full and effective utilization is a much more recent phenomenon which for practical purposes can be dated from the comprehensive national reform program initiated in 1972. The Four-Year Plan for 1974-1977 was the first to take full account of the implications of those reforms, and it has been followed by the Five-Year Plan for 1978-1982. As previously noted, the latter is framed within a Ten-Year Plan, covering the period 1978-1987, which in turn is governed by a perspective plan extending up to the year 2000.

### Recent achievements

14. Under the stimulus of the national reform program, the recent period of

*/Equivalent to US$260 according to unofficial estimate.

planned development has witnessed unprecedented growth and change in the national economy and society alike. It is noteworthy that this progress has been achieved despite the major upheavals and strains which have characterized the global economy since 1973 and which have had many adverse effects upon the Philippines. During the first half of the current Five-Year Development Plan, the following were among the more significant gains recorded:

(a) Economic growth. GNP grew by 6.3 per cent in 1978, 5.8 per cent in 1979 and about 5.0 per cent in the first half of 1980. Although these figures fell somewhat short of planned targets, owing mainly to constraints imposed by the global economic situation, they were nevertheless higher than those achieved in most highly industrialized countries. Both traditional and non-traditional exports expanded at encouraging rates.

(b) Conditions of living. The annual rate of population growth fell to 2.4 per cent in 1979, while life expectancy reached 61.6 years. Health, education, nutrition, housing, family planning and social welfare services were significantly improved and expanded, with special attention to the needs of low-income groups. Practical steps were taken to protect the environment and to deal with problems of human settlements.

(c) Social equity. This was improved through more progressive taxation measures, expansion of the agrarian reform program, improvements in security of tenure for small farmers, adjustments in minimum wages, and accelerated rural development programs in agriculture, industry and other areas.

(d) Economic structure. Agriculture continued to grow at a steady pace, although the subsectors performed unevenly. Despite a recent decline from the very high growth rates achieved by the construction sector as a whole in the mid-1970s, public infrastructure development continued to make rapid headway. The manufacturing sector did not expand as rapidly as anticipated, but by 1979 its share of GDP was almost equal to that of agriculture, forestry and fisheries combined.

(e) Food and energy security. Thanks largely to steady expansion of rice production, self-sufficiency in this basic food crop was achieved and an exportable surplus created. Meanwhile, the development and conservation of domestic energy resources were vigorously prosecuted, reducing oil dependency to 87 per cent of total requirements.

(f) Domestic resource mobilization. Implementation of tax and fiscal reforms, coupled with savings incentives, helped to attain a substantial increase in public revenues. This has facilitated the continued expansion of national and local government services and investments, particularly in the agricultural and rural sectors, and the further strengthening of development administration capacities at all levels.

(g) Public participation. Numerous measures were implemented to intensify citizen participation in the development process and to promote decentralized management of development programs. The regional development strategy of the Government played a key role in this area and also in laying the foundation for a more balanced growth and distribution of the benefits of development.

Outstanding Problems of Development

15. Notwithstanding the foregoing achievements, the country continues to face many challenging developmental problems. Most prominent among these are:

(a) Meeting basic needs. Continuing increases in per capita GNP have not yet appreciably improved the condition of the rural and urban poor who form more than half the total population. Large numbers of people, especially in rural areas, still lack adequate food, clothing, shelter and basic education. The problem remains critical despite the Government's purposeful attack on poverty, its solution is hampered by the serious external constraints which have been imposed upon the country in recent years;

(b) Income inequality. Preliminary data for 1975 showed that the top 30 per cent of income recipients accounted for almost 60 per cent of all incomes, while the lowest 30 per cent of families received barely 10 per cent of the total. Although this represented an improvement over the 1971 distribution, much remains to be done in order to provide low-income groups with adequate purchasing power;

(c) Population growth. Despite the recent decline in fertility, the most optimistic projections still place population growth at 2.3 per cent for the next decade. The costs of absorbing future increases of population will be immense and will continue to complicate the task of dealing with the country's numerous other development problems;

(d) Employment situation. Combined unemployment and underemployment amount to an estimated 16 per cent of the work force; even among the employed there are many whose incomes are insufficient to raise them above the poverty level. Large numbers of new jobs have been created under the stimulus of planned development, but the growth of productive employment has yet to catch up with the flow of new entrants into the labor market;

(e) Regional disparities. There remain wide differences between various regions of the country in terms of economic growth, incomes, and the availability of basic services. Predominantly rural regions are at the greatest disadvantage, and the resulting rapid migration to more developed regions has aggravated problems of urban poverty and congestion;

(f) Environmental deterioration. Rapid economic development and the expansion of human settlements have contributed to critical problems of soil erosion, river and lake siltation, floods and pollution. The protection of environmental quality, in harmony with economic growth, will require more systematic attention in future years;

(g) Balance of payments and price stability. Notwithstanding the stabilizing internal effects of reforms introduced since 1972, the highly open Philippine economy remains extremely vulnerable to the volatile global economic situation, in which moves towards greater trade liberalization continue to be offset by growing protectionism, resource nationalism and upheavals in the international monetary system. The country's balance of payments and international reserve positions thus remain under continuing threat; and

(h) Energy constraints. Despite recent favorable progress in developing

domestic energy sources, the Philippines remains heavily dependent on imported petroleum. This problem, a particularly serious one in view of the substantial expansion of demand created by the momentum of national development, has been greatly aggravated by the recent rapid succession of large price increases. Its adverse effects have registered upon every facet of the economy and society of the Philippines, and with special severity upon low-income groups.

The Development Plan and its priorities

16. The second Country Programme proposal submitted by the Philippine Government to the UNDP Governing Council in 1976 refers to work then in progress on the preparation of a perspective plan covering the period up to the year 2000. The plan is intended to provide the overall guidance required to ensure that planned development activities undertaken in the short term remain closely attuned with broad national aspirations and societal goals. The overriding aim of development, as defined in the perspective plan, is the pursuit of social justice and the elimination of poverty and deprivation: economic growth is viewed as a powerful means of attaining this goal, rather than as an end in itself. All the current development plans of the Philippines, regardless of their respective time frames, are therefore directed essentially towards the promotion of progress in social and human terms: this clearly defined goal provides the central reference point for the co-ordination and implementation of all national strategies, policies and sectoral programs.

Basic development goals and strategies

17. The prime objectives of national development as defined by the Plan are the following:

(a) Promotion of social development and social justice through the creation of productive employment opportunities, reduction of income disparities, improvement of living conditions of the poor, and enrichment of socio-cultural values;

(b) Achievement of self-sufficiency in food and of increased self-reliance in energy;

(c) Attainment of high and sustained economic growth;

(d) Maintenance of acceptable price levels and improvement of the domestic resource and balance of payments positions;

(e) Accelerated development of lagging regions, particularly of those with large rural areas;

(f) Improvement of human settlements and environmental management; and

(g) Maintenance of internal stability and harmonious international relations.

18. A two-pronged strategy calling for attainment of a dynamic and balanced economy, together with greater social equity and the fuller development of human resources, has been adopted to facilitate pursuit of these goals under the 1978-1987

Ten-Year Development Plan. This dual approach seeks basically to achieve a better distribution of development benefits and opportunities, through mutually reinforcing actions at the sectoral and regional levels, and through measures designed to foster institutional as well as productive development. The following subordinate strategies have been adopted to serve these aims:

(a) Agricultural development. To attain self-sufficiency in food and raise farm incomes, activity in the agriculture sector will be based on concerted efforts to develop rural areas in general. This will require the increasing provision of essential agricultural inputs and rural infrastructure and the continued development of the comprehensive agrarian reform program;

(b) Industrial development. The industrial sector will be oriented towards greater export competitiveness and closer linkages to the countryside, especially through the increased processing of domestic products. Industrial dispersal will be further pursued, taking account of the differing needs and resource bases of the various regions of the country;

(c) Trade development. The trade sector will emphasize export expansion and diversification, together with import rationalization. The export of manufactured goods will be intensified, and import substitution will be stimulated in selected priority areas;

(d) Energy development. Energy strategy is directed at the restructuring of demand through greater exploitation of indigenous energy sources and more efficient energy use, and in diversification of energy sources to reduce petroleum dependence; the range of overseas oil sources will be broadened to reduce risks of import disruption;

(e) Application of science and technology. Intensified application of science and technology will emphasize the fullest possible use of indigenous resources in all sectors, particularly in agriculture, industry and energy. The dissemination and commercialization of critical research findings will also be promoted;

(f) Environmental management. Development projects will be sited with due regard to their environmental effects, and the planning of settlements will take close account of the need to maintain ecological balance. Research and public education activities required in support of these strategies will be actively pursued; and

(g) Human resources. Strategy in this area proceeds from the view that the country's population represents a developmental asset with great production potential: thus, human resource development is seen as a key form of investment. The strategy calls for intensified measures to promote employment under just conditions, to reorient and upgrade education and manpower training at all levels, and to further expand the coverage of basic social services, especially for the benefit of the rural population and low-income families.

Development policies

19. In pursuit of the foregoing goals and strategies, an integrated set of policies has been established to guide the implementation of planned development activities. The essence of these policies is as follows:

(a) Public/private sector co-operation. The private sector will continue to be treated as the prime mover of economic growth, with a responsibility to help promote the broad social aims of development. The public sector will play a complementary role in developing essential infrastructure, in promoting activities considered vital to the national interest and, where necessary, participating with the private sector in certain large-scale, high risk or pioneering industries;

(b) Population policy. Every effort will be made to maintain the levels of population growth most conducive to national welfare, without prejudice to the religious beliefs and health of individuals. A geographical distribution of the population consistent with the goals of national development will be promoted.

(c) Employment promotion. Economic activities which directly or indirectly promote the better utilization of manpower under just conditions will be actively encouraged. To enhance labor absorption, especially in non-farm activities, manpower training will be geared to the demands of economic growth. All employers will be required to guarantee safe, healthy and humane working conditions;

(d) Incomes. In recognition of the need to ensure adequate living conditions for all, workers will be accorded just compensation, taking into account the need to reconcile income increases with price stabilization and the achievement of high levels of employment and productivity. Social security coverage will be gradually widened;

(e) Agrarian reform. Agrarian reform will be vigorously pursued as a basic means of redistributing income and wealth and as a motive force of social and institutional transformation. The program will place emphasis on raising productivity and promoting co-operativism, so as to enhance the welfare and security of small farmers;

(f) Social welfare. Overall social welfare policy is designed to complement economic initiatives in order to ensure a pattern of national development consistent with social justice and human dignity. The policy will be implemented mainly through an integrated range of programs including health, nutrition, housing, education and other social services, and it will focus on the most disadvantaged population groups;

(g) Prices. Price stability will be sought in the interest of promoting social well-being as well as encouraging long-term investment. Price controls will be limited to the most essential goods and services and will be continuously reviewed; gradual price adjustments will be allowed with due regard to social and economic considerations;

(h) Savings. Domestic savings will be mobilized through all available instruments. Interest rates will be aligned with market forces to encourage the investment of idle funds, and appropriate tax incentives will be offered. Close attention will also be given to the effective utilization of foreign savings;

(i) Investment. Efficient, productive and dynamic investment will be actively encouraged in defined areas of national priority, and investment incentives will be appropriately rationalized. Domestic capital formation will be complemented by foreign investment, particularly in pioneering, high technology, and export oriented industries. The promotion of regional development will be an important crite-

rion for all forms of investment;

(j) Credit. A liberal but selective credit policy will be pursued to stimulate productive investment and to stabilize monetary growth. Credit resources will be allocated to high priority development activities at national and regional levels;

(k) Taxes and tariffs. Growing reliance will be placed on direct taxation; both direct and indirect taxes will be made increasingly progressive. Tariff rates will be further modified to encourage local processing and enhance the competitiveness of domestic industries;

(l) Public expenditures and debts. Capital investment will receive continued encouragement and the structure of public expenditure will be made more favorable to low-income groups. Government subsidies will be streamlined and reoriented in accordance with national development priorities and efficiency criteria. Government borrowings from the banking system will be minimized to reduce inflationary pressure and avoid undue competition with the private sector;

(m) International economic policy. Within the framework of its general policy of seeking broad and harmonious international relations, the Philippines will co-operate with other countries towards the attainment of a New International Economic Order. Economic co-operation with developed and developing countries will be pursued bilaterally and multilaterally; co-operation with other members of the Association of South-East Asian Nations (ASEAN) grouping will be broadened and intensified;

(n) Resource use. Greater efficiency in all aspects of land and natural resource utilization will be promoted in order to maximize socio-economic benefits. Institutional and organizational arrangements required to ensure the regulation of resource use in accordance with desired national development patterns will be strengthened;

(o) Energy. Energy conservation will be promoted through economic policies, the application of appropriate technology, and consumer education. Priority will be given to the development of indigenous energy sources, and fossil fuels will be supplanted to the extent feasible by energy derived from other sources;

(p) Science and technology. The development and wide application of science and technology will be promoted, especially with respect to the encouragement of indigenous invention, the adaptation of technology transferred from developed countries, and the practical utilization of research results;

(q) Human settlements. Policy in this area will be aimed at achieving a healthy and productive balance between population and the environment. Particular attention will be given to the provision of basic amenities and employment, and to the orderly diffusion of services and facilities benefiting rural as well as urban settlements; and

(r) Regional development. Regional balance in socio-economic development will be promoted through infrastructure support and incentives to locate industry and other development activities in diferent regions, taking proper account of

resource and market possibilities. Sub-national government units will be strengthened, the national budget will be appropriately regionalized, and vital public services will be established in all regions.

External assistance and technical co-operation

20. While the Government's ultimate aim is to increase the share of domestic capital in total investment, and to progressively reduce reliance on net inflows of foreign capital, the more difficult problems in public finance and the balance of payments now being experienced have increased the need of the Philippines for Official Development Assistance soon. The Government now aims at securing ODA loans amounting to at least $1,000 million annually for the next two years. These amounts will be utilized to meet the external capital needs of major development projects as well as certain local costs, and to fulfil requirements for non-project assistance. A large share of the ODA inflow will be sought from multilateral sources, notably the World Bank and the Asian Development Bank, and will be used primarily to support key projects in irrigation, energy development and conservation, industry, education, health and population. Bilateral assistance will be utilized mainly for the importation of equipment from major trading partners of the Philippines and for the financing of certain infrastructure, research and institutional development projects.

21. In implementation of the Development Plan, technical as well as economic co-operation will continue to play a vital supporting role, both as a supplement to major capital assistance projects and as a means of meeting numerous other critical needs for the acquisition of skills, technology and know-how in accordance with Plan priorities. In determining the application of available technical co-operation resources, including those available from UNDP and other organizations of the United Nations system, as well as from bilateral donors, the Government will continue its policy of systematically matching the different sources and types of assistance with the most relevant areas and sectors of need defined in the Plan. In this connection, the Government is particularly appreciative of the flexibility of UNDP assistance which, since it is not tied to any particular sector of development activity, can be utilized in full conformity with the priorities of the national Development Plan and can be adapted to any adjustments which have to be made in the Plan during the course of its implementation.

22. Aside from the IPF, other technical co-operation resources available to the Philippines come mainly from the special and regular funds of organizations of the United Nations system, notably United Nations Children's Fund (UNICEF), United Nations Fund for Population Activities (UNFPA), World Food Programme (WFP), World Health Organization (WHO), Food and Agriculture Organization of the United Nations (FAO), International Atomic Energy Agency (IAEA), United Nations Industrial Development Organization (UNIDO), and United Nations Environment Programme (UNEP), as well as from special funds administered by UNDP.

23. The UNICEF country program for the Philippines, in addition to its traditional concern with child and maternal health, nutrition, education and sanitation, is providing resources for strengthening related government planning, programming, monitoring and co-ordination mechanisms. The current UNICEF country programme is expected to provide some $13.1 million over the period 1980-1983. UNFPA will provide about $20 million over the period 1980-1984 for family planning and population activities. Activities will include improvement of management information

systems, research management, strengthening of the national Population Commission and training of Government personnel. The annual level of resources available from the WFP is approximately $5.7 million. Current WFP activities focus on school feeding: future projects will support farm resettlement and feeding programs for low-income rural and urban families.

24. The FAO Technical Co-operation Programme (TCP) has earmarked approximately $130,000 for the country for 1980 and it is expected that a similar level of funding will be made available for the next two years. The WHO biannual program for the Philippines has allocated some $1.62 million for the period 1980-1981. These funds will be utilized mainly to support Government activities in primary health care, family and mental health, health services development, environmental health, drug control, disease prevention and control and health information. The UNIDO/Special Industrial Services (SIS) program is assisting in the development of the Philippine sericulture industry: the amount currently allocated for this activity is some $15,000. The IAEA regular program is likely to continue its assistance of some $250,000 annually for activities relating to atomic energy.

25. Recently, the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) approved an allocation of $626,000 to assist the Philippines in metals exploration. The project will cover an initial period of 18 months: if the results are promising, the Fund would make available an additional $1.9 million to continue exploration activities. The newly-established Interim Fund for Science and Technology for Development (IFSTD) has earmarked some $1.0 million for a sugar-based chemical project, scheduled to commence in 1981.

26. A further source of assistance, which supplements and complements both United Nations system and bilateral programs, is multi-bilateral funding. Several bilateral donors have provided trust funds to FAO, the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic and Social Commission for Asia and the Pacific (ESCAP) and a number of projects carried out in the Philippines under these auspices are in progress or planned for implementation. Details of multilateral and bilateral technical assistance to the Philippines are available in the annual development assistance reports prepared by the UNDP Field Office in Manila.

Relationships with activities at the global and inter-country levels

27. The Philippines is playing an active role in more than seventy UNDP-assisted global, interregional and regional activities, covering a very wide spectrum of the services offered by the United Nations technical agencies: it regards these activities, particularly those at the regional and interregional levels, as important vehicles for Technical Co-operation among Developing Countries (TCDC). Nine of the regional projects have their headquarters in the Philippines. Close substantive relationships exist between some of the intercountry projects and projects either being carried out or planned for implementation under the Country Programme: a number of mutually beneficial working liaisons have already been established and every effort will be made to further strengthen such linkages during the coming IPF cycle. At the same time it should be noted that the decisions of the Government to participate in specific UNDP-assisted intercountry projects are based on consideration of the technical co-operation requirements of the national Development Plan, and not solely on the content of the successive Country Programmes, since the latter re-

flect only a selection of Plan priorities. In this way the Government is able to apply UNDP resources to a wider range of development activities than the limited national IPF permits. A good illustration of the extra dimension of technical co-operation created by the UNDP intercountry program is provided by the participation of the Philippines in UNDP-assisted regional projects undertaken by the ASEAN group: this helps the Government to give practical expression, through subregional technical co-operation, to its Plan policy of intensifying development co-operation within the ASEAN framework.

The Impact of UNDP assistance under the second Country Programme

28. Since projects assisted by UNDP are integral parts of the development programs set forth in the national Plan, assessment of the effectiveness of UNDP assistance falls within the framework of the Government's Plan monitoring and evaluation activities: supplementary inputs are provided through the UNDP system of tripartite, mid-term and terminal reviews, and through ad hoc project evaluation studies. While it is not possible to present here a detailed composite judgement on the impact of UNDP assistance during the second Country Programme period, it can be said that performance has been generally successful and strikingly so in certain respects.

29. From a quantitative standpoint, one of the simplest and most straightforward yardsticks of Programme effectiveness is that of follow-up investment. Since the second Country Programme was prepared in late 1975 and over the period 1976-1979 inclusive (the latter being the last year for which full information is available), the total follow-up investment for UNDP-assisted projects was equivalent to more than $2,600 million, including $1,700 million in public and private foreign investment.3/ However, 60 per cent of this total (including 75 per cent of the foreign contribution) was committed in 1976 alone, so that the amounts forthcoming since the beginning of the current IPF cycle have been relatively modest, and even these arise in part from project activities carried out during the first IPF cycle. The decline in follow-up investment is to some extent due to difficulties in mobilizing external capital in the particularly difficult global economic climate that has prevailed in the past few years: in this connection it may be noted that local follow-up investment for UNDP assisted projects has not fluctuated as severely as foreign investment. The decline is also partly attributable to the UNDP liquidity crisis of 1975-1976, which obliged the Government to seek alternative financing for certain investment-oriented activities originally planned for inclusion in the second Country Programme. It is hoped that investment follow-up will show increasing momentum in the last two years of the current IPF cycle; meanwhile, as indicated elsewhere in this document, the Government is introducing a strong pre-investment element into its third Country Programme proposal.

30. Other technical co-operation activities carried out under the second Country Programme (some of them, again, continuing from the first Country Programme) do not readily lend themselves to quantitative evaluation. In this area it must suffice simply to itemize some of the projects which have yielded particularly positive qualitative results in terms of their objectives. Notable examples are the assistance provided for Co-operatives Development and Training; Agrarian Reform; Fertili-

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3/ Further information is available in the annual series of UNDP reports entitled "Reported Investment Commitments to UNDP-Assisted Projects".

zer Demonstration and Pilot Distribution Scheme: Coconut Research and Development: Soil and Land Capability and Appraisal: Brackish Water Aquaculture Development and Training: Training and Research in Multiple Use Forest Management: School Science Equipment Development: Central Map Production: Regional Planning: Strengthening the National Computer Center: Metals Industry Research and Development: Promotion of Industrial Subcontracting: Quality Control and Productivity Improvement: Export Promotion: Development and Training of Manpower for Employment: Strengthening the National Water Resources Council:4/ and Civil Aeronautics Administration.

31. In addition to the temporary UNDP liquidity crisis, some difficulties of long standing persisted during the second Country Programme period, particularly those associated with delays in recruitment, fellowship placement and equipment procurement by a number of the Co-operating Agencies of the United Nations system. On the Government side, delays in the provision of local project funds and project personnel occurred in some instances, although rather less frequently than in prior years. It is the view of the Government that many such problems, whether arising on the national side or on the part of the co-operating Agencies, could be reduced by more careful and intensive project preparation and monitoring: these processes will accordingly continue to receive the closest attention during the coming IPF cycle.

## III. SIGNIFICANT FEATURES OF THE COUNTRY PROGRAMME

32. In preparing the Country Programme, the basic strategy of the Government has been to ensure that the proposed UNDP inputs will respond fully to national development priorities, objectives, policies and strategies: as previously pointed out, this task has been simplified by the inherent flexibility of UNDP assistance. The proposed Country Programme activities are therefore integrally related to and should be regarded as organic parts of the national Development Plan. Since the successive instalments of the Plan are scheduled within a perspective reaching to the end of the present century, the assistance requested from UNDP therefore has long-range significance as well as relevance to shorter-term needs. As explained in Part II of this document, the thrust of the Philippine Development Plan is explicitly geared to and governed by concern for economic and social justice and the concomitant need, in a country where the living conditions of large numbers of the population are still below acceptable levels, to focus on the requirements of low-income groups through a purposeful attack on poverty. By virtue of its intimate association with the Development Plan, the Country Programme is oriented towards the same fundamental priorities; thus, while it has been formulated to respond sensitively to the special circumstances of the Philippines, it is also fully consonant with the global basic needs strategy of the United Nations system.

33. The Country Programme strategy of the Government is to utilize UNDP resources in ways which will increase the Philippines' capacity for self-reliance in economic and social development. Here, again, the approach harmonizes with the fundamental purpose of technical co-operation as defined by the United Nations system. A substantial proportion of the IPF will accordingly be used to support training and institution-building in key areas of development where indigenous resources are still inadequate to meet the need for self-propelling growth. With the same end in view, heavy pre-investment inputs will be made, particularly for projects which will

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4/ Government executed.

help to promote self-sufficiency in critical fields such as the development of domestic sources of energy, and for projects which will generate employment and exports. It is further intended that the third Country Programme be implemented in a manner consistent with the strategy of self-reliance. This means that UNDP-assisted activities will be managed by the Government under the leadership of the national project directors.

34. The management of UNDP-assisted projects by the Government will not necessarily entail Government execution in the present sense, i.e. that the Government take over responsibility for recruitment, procurement, and other administrative functions which have been traditionally handled by the co-operating Agencies of the United Nations system. However, the Philippine Government has had some experience with this mode of execution under the second Country Programme and wishes to expand it where appropriate, both as a means of accelerating delivery of the Programme and in order to strengthen its own role in the overall direction and execution of projects. Certain other important provisions of the UNDP New Dimensions policy will also be pursued as appropriate, including notably: the greater use of local expertise, closer attention to possibilities for the local purchase of project equipment and, where necessary, the use of UNDP assistance in conjunction with the follow-up to pre-investment activities. In so doing, the Government will take proper steps to ensure that its partnership with the United Nations system, to which it attaches high importance, is preserved and strengthened in all essential matters.

35. Another significant feature of the Country Programme is the concrete provisions made for TCDC. A specific TCDC project, financed from the country IPF, is already in progress,[5/] and arrangements for TCDC activities are being included in several other ongoing projects as well as new projects planned for implementation in the second cycle. Such provisions are indicative of the desire of the Philippine Government to expand co-operation with other developing countries in Asia and elsewhere, and of the fact that in many areas of development the Philippines has succeeded in building up sophisticated high-level expertise and institutional resources, partly with the assistance of the United Nations system. By sharing and exchanging development know-how with other developing countries, the Government feels that it can make a further important contribution to self-reliant economic and social progress.

36. It will be noted that no attempt has been made to distribute the IPF funds for the third Country Programme over the entire range of Development Plan priorities and activities, many of which have benefited from UNDP assistance in prior years: on the contrary, a selective approach has been followed in order to avoid undue dissipation of resources. In preparing the Country Programme, the Government's primary concern was to allocate IPF resources to types of activity in which experience has shown that the UNDP is particularly well-suited to assist. In the process, close account was taken of all other technical co-operation resources, both multilateral and bilateral, committed or likely to be made available to the Philippines over the next few years. The planned use of UNDP resources in the coming IPF cycle thus has

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5/ This project is being conducted as an initial experiment in the use of Philippine Country Programme funds for TCDC, and as a supplement to the Government's own fund for overseas technical co-operation. Although the project is at present programmed only into 1982, it is expected to be eventually rephased into 1983.

to be viewed as part of a wider network of technical co-operation directed at meeting the requirements of the Development Plan. Consequently, the Country Programme is not and does not pretend to be a microcosm of the Plan: however, its close articulation with the Plan provides it with essential coherence in relation to national development objectives and priorities.

## IV. DEVELOPMENT OBJECTIVES AND UNDP ASSISTANCE

37. The summary of proposed Country Programme assistance presented below is arranged according to the main functional classifications of the Government; each section includes a brief introduction indicating the more important linkages with other UNDP assistance and with assistance provided by bilateral and multilateral donors. It should be appreciated that the functional headings under which the proposals are grouped are by no means exclusive: while it is necessary to use a system of classification as a matter of administrative convenience, many of the objectives which will be served by UNDP assistance are in practice interrelated and mutually supportive. For example, activities in such fields as export development and energy development have key roles to play in employment promotion as well as in terms of increasing food production and helping to stabilize prices, while human resource development is a common factor in the many projects involving training and institution building. The full range of interrelationships is far too wide to be exhaustively analyzed in this document, but the Government will ensure that all important linkages are clarified and exploited in the course of project preparation and implementation.

38. In accordance with the programming approach explained in the Introduction, proposals for UNDP assistance are grouped in terms of ongoing projects,6/ new projects to be started in 1982 and 1983, and objectives and activities against which new projects will be identified later, for initiation during the last three years of the third Country Programme. The basic objectives and priorities of the Plan to which the proposals for UNDP assistance respond have been set forth in Part II above. Sectoral development objectives, as well as immediate objectives are identified in the brief descriptions of individual ongoing and new projects.

### A. AGRICULTURE AND NATURAL RESOURCES

39. In addition to the UNDP-assisted activities summarized below, development of the agriculture and natural resources sector will receive important direct and indirect support from other areas of the Country Programme. These chiefly include: (a) ongoing projects in the fields of regional planning, highway and feeder road development, solar and biomass energy production, engineering education, and science information development: and (b) new proposals in the fields of export development, integrated area development, skills training, storm and flood forecasting, agrometeorology and energy development. Directly related ongoing and proposed UNDP intercountry projects include activities in the fields of rice improvement,* South China

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6/ As noted in paragraph 6 above, estimated IPF requirements for ongoing projects do not include budget commitments spilling over from the second Country Programme cycle.

*Regional projects for which the Philippines provides headquarters facilities.

Sea fisheries*, coconut improvement, food technology transfer*, agricultural machinery*, soil fertility, forest industries, integrated rural development, ASEAN rural development, mineral resource development, offshore prospecting, and typhoon forecasting*. A substantial proportion of bilateral and multilateral capital assistance is directed towards food production and related activities, transport and power and energy, all of which support agricultural and natural resource development, while organizations of the United Nations system (chiefly FAO) and bilateral donors supply a wide range of technical assistance.

Ongoing projects

Brackish Water Aquaculture Development and Training (PHI/75/005). The long-range objective is to increase fish farm production: the immediate purpose is to strengthen the Government's aquaculture extension services through intensive demonstration and training activities and through applied research. The extension training aspect of the project is also intended to assist in implementing the aquaculture component of a World Bank loan. Estimated IPF requirements for 1982 amount to $290,550.

Multiple Use Forest Management Project (PHI/77/011). Long-range objectives are to support the Government's forest resource development and conservation program. Immediate aims include assistance to the Bureau of Forest Development (BFD) to develop its central organization to meet present needs for forest management, principally through the services of consultants, and also to develop selected districts, particularly in the fields of forest management, agro-forestry, silviculture and erosion control. Estimated IPF requirements for 1982 and 1983 amount to $339,777.

Strengthening the Philippine Carabao Research and Development Center (PHI/78/017). The long-range objective is to promote improvement of the carabao (water buffalo), both for small farm draft animal purposes and as a source of meat and milk. The immediate aim is to strengthen Government institutional facilities for carabao research activities at the University of the Philippines and Central Luzon State University. Estimated IPF requirements for 1982-1985 amount to $1,469,670.

Establishment of an Animal Health Reference and Diagnostic Center (PHI/80/008). This project aims ultimately at accelerating livestock development through improvement in the diagnosis, treatment, prophylaxis and control of farm animal diseases. Its immediate objective is to set up a national institution to serve as a focus for relevant information and training activities. Estimated IPF requirements for 1982-1986 amount to $953,000.

Strengthening the Geological Survey Division, Bureau of Mines (PHI/79/004). The long-range objective is to promote mineral exploitation and agricultural development. Immediate aims are to identify and assess mineral deposits, undertake prefeasibility studies for the development of selected deposits, determine the significance of trace elements for agriculture and human health, and train needed technical personnel. Estimated IPF requirements for 1982 and 1983 are $864,000.

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*Regional projects for which the Philippines provides headquarters facilities.

New projects for initiation in 1982-1983

Establishment of an Animal Products and By-Products Training Center. The long-range objective is to promote improved health and nutrition as well as industrial development. The immediate aim will be to train personnel in modern techniques of meat processing and in the handling, preservation and storage of hides, skins and leather. Estimated IPF requirements for 1982-1986 amount to $1,100,000.

Development of Dryland Agriculture Technology in the Semi-Arid Tropical Climate of Ilocos Region. The long-range objective of the proposal is to develop an appropriate dryland farming system for Region I. This initially will involve the packaging of three sub-projects in agro-forestry and watershed rehabilitation, cropping patterns and improved water conservation and management. Estimated IPF requirements for 1982-1986 amount to $1,600,000.

Marine Science and Resource Development. This project will have the ultimate objective of promoting the rational exploitation of marine resources for purposes of industrial development and improved nutrition. Immediate aims will be to strengthen and develop local expertise in oceanography and marine sciences, particularly at the Marine Science Center of the University of the Philippines. Estimated IPF requirements for 1982-1986 amount to $974,000.

National Bamboo and Rattan Action Program. The basic objective will be to develop bamboo and rattan-based cottage industries in appropriate areas of the country. The immediate aims will be to prepare a national bamboo and rattan development and replenishment program, and to establish necessary extension services and program monitoring and evaluation facilities. Estimated IPF requirements for 1982-1986 are $554,000.

Co-operatives Development. The long-range aim will be to promote increased agricultural productivity along with greater equity for small farmers. Its immediate objectives will be to further strengthen the planning, organization, management and technical capacities of marketing co-operatives, and to provide extension services for the national food distribution system. Estimated IPF requirements for 1982-1986 amount to $550,000.

Winged Bean Development and Improvement. This project will be directed basically towards improving nutritional levels and strengthening the export processing sector. The immediate aims will be to strengthen the institutional base for the national winged bean development program, notably through activities in support of varietal evaluation and selection, seed production and distribution, and technology packaging and extension. Estimated IPF requirements for 1983 and 1984 amount to $203,000.

Activities for initiation in 1984-1986

40. The specific objectives that will govern new UNDP assistance to the agriculture and natural resources sector in the last three years of the third Country Programme are to: (a) increase the productivity and diversification of priority crops to support nutritional improvement, energy development, export development and import substitution: (b) support the development and improvement of agricultural and forest lands, both new and existing: and (c) strengthen the policy-making and planning capacities of selected Government agencies concerned with the development of the na-

tional nutrition program. Activities to be carried out in support of these objectives include:

(i) Development and improvement of agricultural production through technical extension services and measures to facilitate post-harvest production and marketing:

(ii) Development and rationalization of upland agriculture through the improvement of farm management practices and environmental conservation:

(iii) Improvement of agro-forestry practices through community development and extension services focusing primarily on kaingin (slash and burn) upland farmers:

(iv) Development of an experimental and demonstration forest:

(v) Reassessment of the national food and nutrition situation as a basis for the review of relevant Government policies and programs:

(vi) Strengthening agro-industrial research and training, with particular attention to the processing of food and industrial crops: and

(vii) Development of small-scale fisheries, including assessment of relevant resource and socio-economic factors.

Total IPF resources required to support these activities in 1984-1986 are estimated at $3,290,000.

## B. INDUSTRY, ENERGY AND SCIENCE AND TECHNOLOGY

41. In addition to the individual projects outlined in this section, the development of energy, industry and science and technology will be directly and indirectly supported in a variety of Country Programme activities in other sectors. These chiefly include: (a) ongoing projects in regional planning, industrial finance planning, sea freight handling, highways development, engineering education, school science equipment development, nuclear power development, mineral development and forest management; and (b) new proposals in the fields of integrated area development, export development, highways development, skills training, forestry development, agro-industrial research, agrometeorology, and commercial crop development. Directly related ongoing and proposed UNDP intercountry projects include activities in the fields of solar-powered pumping systems, pulp and paper industries, ASEAN paper mill development, science and technology information systems*, steel industry development, ASEAN engineering industries, and technology transfer. Power and energy development constitutes an important feature of bilateral and other multilateral capital assistance; United Nations Agencies (notably UNIDO and UNESCO) are supplying additional technical assistance for the industry, energy and science and technology sector, as are a number of bilateral donors.

Ongoing projects

Strengthening the National Computer Center (PHI/77/008). The ultimate aim of this project is to rationalize and adapt the development of computer technology to serve

*Regional project for which the Philippines provides headquarters facilities.

the broad requirements of national socio-economic development. Its immediate objectives are to develop the planning, standard-setting and managerial capabilities of the National Computer Center (NCC). The project will incorporate a small allocation of funds to complete assistance provided previously to the National Computer Institute (a subordinate unit of the NCC) under PHI/74/020. Estimated IPF requirements for 1982 and 1983 amount to $265,410.

Assistance for Energy Production from Biomass Waste Materials (PHI/78/022). The basic objective of this project is to promote rural industrialization and energy conservation through better utilization of local biomass wastes (e.g., rice hulls). The immediate aims are to strengthen applied research and extension activities as a means of promoting wide-scale application of the relevant techniques. Estimated IPF requirements for 1982 amount to $198,700.

Assistance to the Nationwide Industrial Estates Program (PHI/79/013). The long-range objective is to accelerate industrial development, modernization and dispersal. The immediate objective is to develop a cadre of local expertise in the planning, establishment and operation of industrial estates and export processing zones. Estimated IPF requirements for 1982 amount to $527,000.

Strengthening the National Scientific Information System (PHI/79/018). The long-range aim is to promote nationwide dissemination of scientific and technological information. Immediate objectives are to strengthen the information co-ordinating capacities of the National Science Development Board (NSDB), including enhancement of the services and capabilities of its Scientific Library and Documentation Division. Estimated IPF requirements for 1982 and 1983 amount to $191,000.

Assistance to the Ministry of Industry in Development of the Cement Industry (PHI/80/010). The basic objective is to improve industrial productivity and quality control. Immediate objectives are to identify managerial, technical and other shortcomings in the cement industry, and to strengthen new training and consulting services aimed at overcoming such deficiencies. Estimated IPF requirements for 1982 amount to $146,500.

Assistance to the Ministry of Industry in Development of the Steel Industry (PHI/80/011). Long-term objectives are to achieve greater self-sufficiency in the supply of intermediate industrial goods, to expand exports of such goods and to promote employment. Immediate aims are to prepare an overall plan and detailed engineering designs for an integrated steel mill and to supervise contracts let by the Government for construction of the mill. Estimated IPF requirements in 1982 and 1983 amount to $151,900.

Assistance to the Ministry of Industry for Development of the Petrochemical Industry (PHI/80/012). The long-range aim is to promote rational industrial development and modernization. Immediate objectives are to ensure that private sector requests for establishing new petrochemical plants or expanding existing plants are economically viable, internationally competitive and consistent with the Government's Petrochemical Master Plan. Estimated IPF requirements in 1982 and 1983 amount to $215,650.

Establishment of Solar Energy Demonstration Centers (PHI/80/013). The long-range objective is to develop indigenous energy resources. The immediate objective is to demonstrate the application of photovoltaic energy for such purposes as pumping

water for small-scale irrigation, ice-making, desalinization and domestic use, etc. Estimated IPF requirements in 1982 amount to $345,000.

Geothermal Reservoir Assessment and Management (PHI/80/014). The project is aimed ultimately at developing indigenous energy resources and thereby reducing dependency on imports. The immediate objective is to transfer geothermal reservoir engineering techniques to local personnel through appropriate training programs. Estimated IPF requirements for 1982 amount to $517,000.

New projects for initiation in 1982-1983

Coal Utilization. This project has the long-range objective of reducing energy import costs. Its immediate aim is to prepare feasibility studies for: (a) the conversion of 16 cement plants from oil to coal firing; (b) the construction of a coal distribution terminal; and (c) the acquisition of coal transport barges and tugs. Estimated IPF costs in 1983 amount to $150,000.

Energy Research and Development. The long-range objective of the project is to develop indigenous energy resources and reduce dependency on imports. Its immediate objective is to establish an R and D laboratory in the Ministry of Energy and to provide necessary training for national personnel. Estimated IPF requirements in 1982-1986 amount to $1,580,000.

Alcohol Distilleries. The long-range objectives of this project are the same as those stated above for the Energy Research and Development project. The immediate aim of the project is to prepare feasibility studies for four model alcohol distilleries with a capacity of 30,000 to 60,000 liters per day. Estimated IPF requirements in 1983 and 1984 amount to $350,000.

Geothermal Development. The long-range objectives of this project are the same as those stated for the two preceeding ones. Its immediate purposes are to undertake a feasibility study for the development of an identified geothermal area and to provide follow-up design and construction supervision services. Estimated IPF requirements in 1982-1986 amount to $1,285,000.

Quality Control. The long-range aim of the project is to increase the efficiency and competitiveness of Philippine industry in both domestic and export markets. The immediate aims are to enable the Ministry of Industry to establish an effective system for the provision of product design and quality control services to the private and public sectors. Estimated IPF requirements in 1982-1986 amount to $1,500,000.

Agrometeorology. The basic purpose of the project is to support over-all agricultural development. Its immediate aims are to strengthen the capabilities of the National Meteorological Service, particularly with respect to the analysis and application of meteorological data to agriculture, the development of a weather-based crop yield forecasting system and the distribution of daily weather information to farmers. Estimated IPF requirements for 1983-1985 amount to $297,000.

Activities for initiation in 1984-1986

42. In the concluding three years of the third Country Programme, new UNDP assist-

ance for industry, energy and science and technology will be governed by the basic objective of integrating science and technology with industrial, agricultural and infrastructural development. Activities to be carried out in support of this objective include:

(a) Investigation and development of alternative energy sources:

(b) Promotion of the transfer of appropriate technology through the strengthening of national capabilities in industrial research and development: and

(c) Improvement of public services in typhoon, storm surge and flood forecasting.

Total IPF resources required to support these activities in 1984-1986 are estimated at $3,290,000.

## HUMAN RESOURCES DEVELOPMENT

43. The development of human resources will be reinforced and supplemented by a wide range of Country Programme activities other than those summarized immediately below. Directly and indirectly related activities in other sectors of the Programme include in particular those associated with regional planning, export development, industrial development, and food crop production, in which activities are deliberately geared to such objectives as employment promotion and nutritional improvement, etc. Significantly relevant activities covered elsewhere in the Programme also include: (a) ongoing projects in the fields of low-cost water supply and merchant marine training: and (b) planned new projects in the fields of forest community development, food and nutrition planning, small-scale fisheries development, co-operatives development and meat production and processing. Directly related ongoing and proposed regional projects include activities in the fields of labor-intensive industry, skills development, employment promotion, labor administration, non-formal education, diarrheal disease control, low-cost water supply and sanitation and the integration of women in development.

44. A considerable proportion of bilateral and multilateral capital assistance is directed into the field of human resource development, notably for education and skills training, while technical assistance from sources other than the UNDP goes principally into the broad fields of labor and employment, education, health, nutrition and social welfare. The largest single sources of such assistance are the UNFPA, UNICEF, WFP and WHO, with additional inputs provided by the ILO, UNESCO, FAO and ESCAP.

### Ongoing projects

School Science Equipment Development (PHI/73/014). The basic purpose of the project is to promote quantitative and qualitative improvements in school science education and to assist the development of local science equipment manufacturing. The immediate aims are to train local personnel in equipment design techniques, promote co-operation between small-scale industry and curriculum development authorities, and assist in establishing a suitable marketing and distribution network. Estimated IPF requirements in 1982 amount to $70,700.

Assistance to the College of Engineering, University of the Philippines (PHI/77/007). The long-range objective of this project is to upgrade engineering manpower for general socio-economic development, including the development of indigenous technology. The immediate objective is to strengthen the U.P. College of Engineering as a center of excellence in teaching, research and development. Estimated IPF requirements in 1982-1984 amount to $605,486.

Vocational Rehabilitation of the Handicapped (PHI/78/012). The long range objective of the project is to establish a national vocational rehabilitation service for the estimated one million employable disabled persons in the country. The immediate aims are chiefly to upgrade and expand existing training programs for the disabled and to introduce new schemes for their training and employment. Estimated IPF requirements in 1982 amount to $6,250.

Assistance to the Ministry of Labor and Employment (PHI/80/002). The basic objective of the project is to promote employment, manpower development and the protection of workers. Its immediate aims are to strengthen the capabilities of the Ministry of Labor and Employment through training and through the establishment of appropriate management information systems. Estimated IPF requirements in 1982 and 1983 amount to $201,470.

Activities for initiation in 1984-1986

45. New UNDP assistance for human resources development in the final three years of the third Country Programme will be guided by the objectives of: (a) reorienting the educational system under the revised Secondary Education Program: (b) expanding manpower development, particularly in the field of practical vocational training for out-of-school youths, and (c) improving health conditions and facilities. Activities to be carried out in support of these objectives include:

(i) Development of selected local high schools into pilot community learning centers combining practical and academic work:

(ii) Organization of a system of occupational skills training for out-of-school youth:

(iii) Development of prototype curriculum materials adapted to the special needs of different regions and localities· and

(iv) Strengthening of national research capabilities in different fields of health.

Total IPF resources required to support these activities in 1984-1986 are estimated at $1,645,000.

## D. INFRASTRUCTURE DEVELOPMENT

46. In addition to the specific items of UNDP assistance outlined in this section, the Country Programme will provide significant indirect support for infrastructure development through ongoing and new projects in the fields of general planning and project development, general investment studies, regional planning, industrial planning, integrated area development, fiscal and financial administration, accounting

and auditing, and engineering education. Directly related ongoing and proposed UNDP intercountry projects include activities in the fields of water management, civil aviation*, postal development*, telecommunications, satellite communications, radio frequency management, and shipping and port development. The infrastructure sector is a major beneficiary of bilateral and multilateral capital assistance, particularly in the fields of transport and water resources development and the development of urban water supply and sanitation systems.

Ongoing projects

Development of the Manila International Container Terminal (PHI/77/012). The long-range purpose of the project is to facilitate exports and reduce import costs through increased efficiency in cargo handling. Immediate objectives are to review existing operational and management arrangements at the Manila International Container Terminal, to advise and assist in carrying out necessary changes, and to provide necessary training programs. Estimated IPF requirements in 1982 amount to $5,700.

Modernization of Training Resources in the Philippine Merchant Marine Academy (PHI/80/004). The long-range objective of the project is to develop the national shipping industry as a means towards greater self-reliance, enhanced employment generation, and improved inter-island communication within the Philippines. The immediate objective is to upgrade facilities for training, and staff and curriculum development within the Philippine Merchant Marine Academy. Estimated IPF requirements for 1982 and 1983 amount to $476,220.

Third UNDP Road Feasibility Study (PHI/80/006). The basic objective of the project is to improve land transport facilities for general development and to promote balanced regional growth. The immediate objective is to determine the technical and economic feasibility of constructing and improving a total of some 1,040 kilometers of primary roads and 400 kilometers of feeder roads, mainly in Mindanao. Estimated IPF requirements in 1982 amount to $48,000.

Nuclear Power Manpower Development Program (PHI/80/007). The long-range purpose of the project is to reduce the country's continuing high level of oil dependency by developing alternative energy sources. The immediate objectives are to strengthen the capabilities of the Philippine Atomic Energy Commission in performing regulatory and other functions related to construction of the country's first nuclear power plant and to provide supplementary training for selected operational personnel of the power plant itself. Estimated IPF requirements in 1982-1984 amount to $816,000.

Planning and Design for Low-Cost Water Supply Systems (PHI/80/015). The basic purpose of the project is to improve mass living conditions, particularly in terms of general health and sanitation in low-income areas. The immediate objective is to strengthen the capability of local water authorities in the planning and design of low-cost water supply systems. The project, which responds to the United Nations 1977 Water Conference in Mar del Plata, was prepared in close consultation with the World Bank in view of its investment implications. Estimated IPF requirements for 1982 amount to $115,700.

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*Regional projects for which the Philippines provides headquarters facilities.

New projects for initiation in 1982-1983

National Postal Development. The long range objective of the project is to improve postal communications in the interest of general economic and social development. The immediate aim is to prepare long-, medium- and short-term plans and programs for postal development in all regions of the country. Estimated IPF requirements for 1982-1984 amount to $300,000.

Activities for initiation in 1984-1986

47. During the concluding three years of the third Country Programme, UNDP assistance will serve the following main objectives in the infrastructure sector: (a) developing and improving high priority national roads, and (b) developing and improving water facilities and resources in communities with critically inadequate or expensive supplies. Activities to be carried out in support of these objectives include:

(i) Conduct of selected pre-investment studies for development of the national transport system;

(ii) Exploration and development of ground water resources; and

(iii) Preparation of a number of river basin and island water resources development plans.

Total IPF resources required to support these activities in 1984-1986 are estimated at $1,645,000.

## E. GENERAL AND REGIONAL DEVELOPMENT

48. Country Programme assistance for general and regional development is supportive of all sectors of development, to which its relationship is contributory rather than dependent. It is, however, directly reinforced by a number of ongoing and proposed UNDP-assisted intercountry activities, particularly those associated with trade expansion and multilateral trade negotiations, the Generatized System of Preferences, international marketing, export promotion, ASEAN trade development, customs and tariff administration, Economic Co-operation among Developing Countries (ECDC), development statistics, tourism, and general economic and social planning. In addition to resources available from UNDP, some technical assistance is provided in relevant areas by the United Nations Conference on Trade and Development (UNCTAD), ESCAP and a number of bilateral donors.

Ongoing projects

Assistance in Regional Planning, Phase III (PHI/79/015). The long-range objective of the project is to accelerate progress in the more backward regions of the country, within the framework of overall national growth. The immediate objectives chiefly include: (a) the assessment of refinement of regional development plans currently under implementation; and (b) the strengthening of the planning, project development, management, and monitoring and evaluation capabilities of the personnel in the various line and staff regional development offices. Estimated IPF requirements in 1982 amount to $100,300.

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Strengthening the State Accounting and Auditing Center (PHI/79/016). The project is aimed basically at supporting general economic and social development through improved public accounting and auditing procedures. Its immediate objective is to upgrade the capabilities of the Commission on Audit and the Philippine State Accounting and Auditing Center through specialized training and the conduct of necessary research. Estimated IPF requirements in 1982 amount to $74,080.

Assistance to the Philippine Institute for Development Studies (PHI/79/017). The basic objective of the project is to provide overall support for the development policy-making and planning activities of the Government by means of expanded policy-oriented research. Its immediate aim is to strengthen the resources of the Institute, through collaboration with overseas institutions and scholars and through the development of local research expertise in defined areas of importance. Estimated IPF requirements for 1982 and 1983 amount to $230,000.

Assistance to the Central Bank of the Philippines (PHI/80/018). The long-range objective of the project is to promote domestic and foreign development investment, particularly in the industrial sector. Its immediate objective is to strengthen the Apex Development Finance Unit of the Central Bank, which will be a major conduit for World Bank program loans to the Philippines, through the provision of advisory and training services. Estimated IPF requirements in 1982 are $300,000.

Support for the Philippine TCDC Program (PHI/80/016). The project aims at promoting technical co-operation between the Philippines and other developing countries in accordance with the Buenos Aires Plan of Action. Its principal immediate objective is to establish and to institutionalize specific arrangements for the exchange of training, advisory, and information services and the implementation of joint research programs and feasibility studies with other developing countries. Estimated IPF requirements in 1982 amount to $45,000.

New projects for initiation in 1982-1983

Strengthening Fiscal and Financial Administration. The long-range objective of the project is to strengthen development administration by improving the quality of fiscal and financial services. The immediate aim is to provide relevant training for the planning, management and evaluation personnel of the Ministry of the Budget, the Ministry of Finance, and the Securities and Exchange Commission. Estimated IPF requirements for 1982-1986 amount to $500,000.

Panguil Bay Integrated Pre-Investment Development Study. The long-range objective of the project is to promote equitable socio-economic growth through accelerated regional development. Its immediate purpose is to study and identify development needs in the Panguil Bay area in North Central Mindanao, as a basis for preparing an integrated improvement program for implementation in the public and private sectors. Estimated IPF requirements for 1983 and 1984 amount to $200,000.

Export Development. The basic purpose of the project of the Philippines is to improve the balance of trade and payments positions of the Philippines and to accelerate employment and industrialization. Its immediate aim is to strengthen the Government's institutional machinery for exports, leading to the establishment of an integrated export promotion and development program. Estimated IPF requirements for 1982-1986 amount to $1,500,000.

General Development Consultancy and Training. The long-term objective of this project is to improve development planning and program implementation at all levels. Its immediate objective is to provide the Government with short-term advisory, consultancy and training services in any sector of development where urgent and unforeseeable needs arise. Estimated IPF requirements for 1982-1986 amount to $500,000.

Activities for initiation in 1984-1986

49. UNDP assistance for general and regional planning in the final three years of the Country Programme will be guided by the objectives of: (a) developing co-ordinated planning and implementation mechanisms for human settlements projects, and (b) preparing sectoral studies and plans to meet development requirements in selected regions. Activities to be carried out in support of these objectives include:

(i) Further strengthening the planning and project development capacities of the Government;

(ii) Preparing an investment-oriented survey of service facilities and needs in selected regions; and

(iii) Formulating industrial zone plans for selected areas.

Total IPF resources required to support these activities in 1984-1986 are estimated at $1,097,000.

Annex

Financial Summary

I. Resources taken into account for programming

| | $ (Millions, rounded) |
|---|---|
| (a) Resources available | |
| (i) IPF resources available for programming | 36.8 |
| (ii) Other resources | - |
| (b) Provision for adequate programming | 9.2 |
| Total resources taken into account for programming | 46.0 |

II. Use of resources

| | $ (Millions, rounded) | |
|---|---|---|
| (a) Programmed (all sectors) | | |
| (i) Ongoing projects | 12.7 | |
| (ii) New projects to be initiated in 1982-1983 | 13.1 | |
| (iii) Earmarked for specific objectives and activities for which projects are to be worked out at a later stage | 11.0 | |
| Total | | 36.8 |
| (b) Reserve | | 9.2 |
| Total resources programmed | | 46.0 |

III. Annual financial distribution of programme, by sector (US $000s)

| Sector | 1982 | 1983 | 1984 | 1985 | 1986 | Total |
|---|---|---|---|---|---|---|
| A. Agriculture and Natural Resources | 1.788 | 2.666 | 2.674 | 2.708 | 2.333 | 12.169 |
| B. Industry, Energy, and Science and Technology | 2.754 | 1.770 | 2.117 | 2.200 | 2.169 | 11.010 |
| C. Human Resources Development | 0.453 | 0.325 | 0.492 | 0.557 | 0.702 | 2.529 |
| D. Infrastructure Development | 0.715 | 0.680 | 0.752 | 0.557 | 0.702 | 3.406 |
| E. General and Regional Development | 0.961 | 0.578 | 0.958 | 0.971 | 1.088 | 4.556 |
| Spill over a/ | 3.130 | - - | - - | - - | - - | 3.130 |
| Reserve b/ | - - | - - | - - | - - | - - | 9.200 |
| GRAND TOTAL | 9.801 | 6.019 | 6.993 | 6.993 | 6.994 | 46.000 |

a/ Representing total commitments to projects in excess of 1977-1981 IPF. See paragraph 6.

b/ No annual distribution